

SCHOOL STANDARDS AND FRAMEWORK ACT 1998

Account, prepared pursuant to Schedule 1, para 7(1) of the School Standards and Framework Act 1998, of the Withernsea and Southern Holderness Education Action Zone for the period ended 9 January 2005, together with the Comptroller and Auditor General's Certificate and Report thereon. (In continuation of House of Commons Paper No. 1107 of 2003-2004)

Presented pursuant to School Standards and Framework Act 1998, Sch. 1, s 11, para 7(3)

Withernsea and Southern Holderness Education Action Zone Account 1 April 2004 to 9 January 2005

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 23 FEBRUARY 2005

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Legal and Administrative Information

Trustees

Martin Green - resigned October 2004	Vice Chair of RAZ Action Forum
Philip Holmes	LEA Representative
Allan Scarlett	Burstwick Primary School
Linda Rimmer	Burton Pidsea Primary School
Larry Malkin - appointed Chair October 2004	Easington Primary School
Karen Hunter	Hedon Nursery School
Sandra Edmiston - appointed Vice Chair October 2004	Keyingham Infant School
Pamela Moat	Keyingham Junior School
John Bellwood	Patrington Primary School
Sue Pike	Paull Primary School
Penny Farey	Roos Primary School
Kim Fisher	Thorngumbald Infants School
Gavin Murray - resigned July 2004	Thorngumbald Junior School
Nigel Searle - appointed August 2004	Thorngumbald Junior School
Sue Neilson	Withernsea Junior School
Betsy Kerr-Delworth	Adult/Community Education Representative
Peter Barker - resigned July 2004	Teacher Representative – KS3/4
Lesley Cork	Teacher Representative – KS3/4
Hilary Wilson	Teacher Representative – KS1
Sid Slater	DfES Representative
Paul McLeod	DfES Representative
Phil Ludgate	Learning and Skills Council
Viv Parker	Hull University
Stewart Emerson	Parent/Community Representative
David Moore	JCC Representative
Councillor John Parsons	LEA Representative

Executive Committee

Martin Green - resigned October 2004
Larry Malkin - appointed Chair October 2004
Sandra Edmiston - appointed Vice Chair October 2004
John Bellwood
Hilary Wilson
Peter Barker - resigned July 2004
Lesley Cork - appointed August 2004
Phil Ludgate
Councillor John Parsons

Finance and Planning Committee

Larry Malkin
Phil Ludgate
Linda Rimmer
Stewart Emerson
John Findlay
Pam Moat - appointed May 2004

Withernsea High School Bursar

Staffing, Appointments and Evaluation Committee

Martin Green - resigned October 2004
Larry Malkin - appointed Chair October 2004
Lesley Cork
Sue Neilson
Betsy Kerr-Delworth
Philip Holmes
David Moore
Sue Pike

Secretary

Elaine Wilson

RAZ Office

Keyingham Junior School
School Lane
Keyingham
HU12 9RT
Tel: 01964 603049

Bankers

Lloyds TSB
14 Market Place
Beverley
HU17 8BD

Auditors

Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
London
SW1W 9SP

Report of the Trustees

The Trustees present their report and the audited financial statements for the period ended 9 January 2005.

Constitution and principal activities

The Withernsea and Southern Holderness Rural Achievement Zone is a corporate body and exempt charity established on 10 January 2000 under the 1998 School Standards and Framework Act. The Forum does not have a share capital. This Act and its associated regulations are the primary governing documents of the Forum. Trustees of the Forum are nominated by the member schools and partners of the Action Forum.

The principal activity of the Forum is to improve standards within the Schools that are part of its Education Action Zone.

In accordance with the Act the Forum has adopted an 'Action Plan' approved by the Secretary of State for Education and Skills. The Action Plan specifies, amongst other things, an intention

- to raise further the standards of education;
- to address issues of rural deprivation; and
- to promote a partnership approach that encourages life long learning and widening participation and community development.

Future prospects

Under the 1998 School Standards and Framework Act the Rural Achievement Zone was given a statutory life of no more than five years. As this period was completed on 9 January 2005 the Secretary of State for Education and Skills has passed an order closing the Zone with effect from this date.

Going concern

In view of the cessation of the Forum's activities on 9 January 2005 the Trustees no longer consider the preparation of the accounts on a going concern basis to be appropriate. Upon closure the Zone's assets and liabilities have been transferred to Zone schools at net book value. No adjustments have been necessary to the net book values of assets held immediately prior to closure.

Organisation and objectives

The sole activity of the Forum is the operation of the Withernsea and Southern Holderness Rural Achievement Zone.

The operational management structure of the RAZ consists of an Executive Group that is made up as follows

- Project Director;
- the Chair of the Action Forum;
- the Vice Chair of the Action Forum;
- two head teachers;
- two members of the teaching staff;
- a business partner;
- a community representative; and
- an LEA representative.

This group constitutes the RAZ Senior Management Team, which reports to the Forum. The Project Director is the only member of the group who is a paid employee of the Rural Achievement Zone.

The Action Forum has two other committees to which it devolves many of its day-to-day management responsibilities. These are

- 1 The Finance and Planning Committee; and
- 2 The Staffing, Appointments and Evaluation Committee.

The aim of the management structures is to involve Schools and Business Partners and encourage involvement in decision making at all levels.

The present Trustees of the RAZ are set out on page 2 and 3 of this report.

Changes in Forum Membership

Martin Green resigned as Chair of the Forum in October 2004. Larry Malkin (previously Vice Chair of the Forum) replaced Martin Green as Chair in October 2004. Sandra Edmiston took on the role of Vice Chair in October 2004. Gavin Murray, Head Teacher of Thorngumbald Junior, resigned from the Forum in July 2004 and was replaced by Nigel Searle, Acting Head of Thorngumbald Junior in August 2004. Peter Barker resigned as Teacher Representative – KS3/4 from the Forum in July 2004.

Developments, activities and achievements

The Forum is in its fifth period of operation. During the past twelve months of operation the Forum has achieved the following

1 Pupil attainment

KS1

Following a highly successful year in 2003 the outcomes of the internal assessment at Withernsea Infant School earmarked a return to the levels of attainment produced in 2002. This is not to say, however, that the cohort did not make significant progress from their original starting point when they entered the school; in fact achievement at the higher levels in English was 25% as opposed to 24% in 2003, and 10% above the levels of 2002. The school will continue to benefit from involvement in partnership working with schools in the new Excellence Cluster and confidently predicts further improvement in the future.

KS2

Overall pupils performed exceptionally well in 2004 against both the original starting point of Zone schools in 1999 and against national performance this year. During the five years of the Zone the numbers of students achieving level 4 or better has improved by 12% to 83%; this compares very favourably against the 9% improvement, to 79%, achieved nationally during the same period. This year all the targets set by the Zone targets for attainment at Key Stage 2 were either met or exceeded. Many of the Zone's schools will continue to receive targeted support for pupils in Year 6 once transformation of the Zone, to become the Excellence Cluster, takes place via the advent of the employment of Learning Managers/Consultants, including one for the Withernsea area.

KS3

Year 9 pupils, this year, attained a success rate of 73% at an average of level 5, or better; this is the highest the school has recorded since testing at Key Stage 3 began. Since 1999, when 52% of pupils achieved an average of level 5, the school has made regular improvement, though the rate of progress had slowed last year. The greatest rate of improvement has been in Maths, where the largest proportion of boys and more able pupils attaining higher grades are found. There remains an issue with boys' attainment, particularly in Science, but the school is investigating additional strategies for future improvement. More able students and their performance in English and Science will be further supported as a priority in the coming year via cluster arrangements for additional gifted and talented provision.

KS4

This final year of the Zone pupils in Year 11 at Withernsea High School achieved a significant milestone in the records of attainment of pupils attending the school. For the first time they achieved an average of 53% passes in five or more subjects at A*-C grade, identical to the pass rate nationally. Over the five years of their involvement with the Zone this represents an improvement of 14%. During the same period the rate of improvement nationally has been 5%. Also for the first time the pupils achieved pass rates at five A*-G and one A*-G equivalent to, or better than national rates 90% and 96% respectfully. These rates remain very slightly less than the LEA average but overall represent one of the highest rates of improvement over the last five years of any school in the authority, and exceed all the targets the Zone set itself at any time during the project.

2 Attendance

Throughout the project it has been the Zone's intention to support all its schools in raising rates of attendance through highlighting the importance of regular attendance and the direct impact this ultimately has on eventual levels of attainment. The final full year statistics, for the academic year 2003-2004, suggest we were successful in our endeavours and perhaps this is reinforced by the outcomes of external assessments reported earlier in this paper. The average attendance rate for all primary schools in the Zone was 95%, a 2.5% improvement on the figures for 2000. In the secondary school the rate was 92%, an increase of 3% from the starting figures. Both of these rates of attendance now compare favourably with national levels in their respective phases where the original rates failed to do so.

3 Programme activity

Excellence Cluster

The plan for the Excellence Cluster has been generally accepted by the DfES subject to some minor clarification requested prior to transformation. Of the 14 schools in the Zone seven will become full 'core' members whilst the others will act as 'associate' members liaising with and supporting other schools in the cluster. The agreed strands of delivery for the cluster are gifted and talented provision, learning support units, learning mentors and teaching and learning, including the provision for ICT. The cluster, managed as it is by a Board with representatives of the LEA and the schools, will commence working on the transformation of the Zone, as of 9 January 2005.

Leadership Incentive Grant (LIG)

The programme is now in its second year and the first leadership development programme for 25 senior and middle managers drawn from Withernsea, Vermuyden and Bridlington schools has been successfully completed. A new trainee cohort has been identified and commenced joint working in September. The outcome of the initial training, together with the joint planning, the implementation of agreed development initiatives and the regular meetings of managers from each of the three schools has led to significantly improved working practice across the consortium. All are confident that the impact will positively contribute to measurable improvement in school performance during the next twelve months. Withernsea, judging from their recent external examination performances, are already experiencing this improvement.

Aimhigher (Excellence Challenge)

The Zone received £41,548 from the DfES for Aim Higher resources. The original project involving the Zone ends December 2004. However, funding has been guaranteed for further work in this area until March 2006, and probably until 2010. Activity will be extended to include the Vermuyden and Bridlington schools, as well as Withernsea, as a part of the East Riding aspect of the Humber Integrated Plan for Aimhigher. Funding will be at the same rate for all partners until 2006 but will also provide opportunity for extended work to be undertaken using a bidding process to acquire additional funding where necessary. The greatest focus of Aimhigher work will continue to be on maximising attainment for 16 and 18/19 year olds from the local region to enable them to continue into further and higher education and training.

Information and Communications Technology and E-Learning

The impressive and highly efficient network system that has evolved over the life of the Zone to serve the Holderness region has been expanded over the summer to accommodate Vermuyden and Bridlington school systems in preparation for the advent of the Excellence Cluster. This work has been heavily subsidised and supported by the LEA under the auspices of the School Improvement Services ICT Advisory Representative. The schools can now directly communicate with each other and share website and e-mail systems whilst also providing a back-up solution for retaining pupil/staff work and records. Future development of the system is planned to enable the primary schools in Goole and Bridlington that serve their respective secondary schools to be linked to the central network in order to be able to communicate and transfer work and information seamlessly between schools and phases.

Gifted and Talented Programme

The Zone received £4,500 from the DfES towards the provision of the Gifted and Talented Summer School. Following the transformation of the Zone to become the Excellence Cluster the majority of the projects the Zone staff have facilitated will cease to exist in their current format. One of the aspects that will continue will be provision for gifted and talented pupils. Accordingly the current programme, developed as it has been over the five years of the Zone, has continued to provide, over the final few months of the Zone, for the needs of identified pupils who fall into this category. Principally, recent working has included

- a summer school for 31 Year 6 pupils targeting transition issues;
- a sporting holiday programme for 90 identified Year 5 and 6 pupils;
- out of schools study clubs at the secondary school;
- artists in residence in both the primary and secondary education sectors;
- weekend visits/trips both locally and to other places of interest; and
- University Summer School placements for 14 Year 11 pupils.

Operating and financial review

The financial statements have been prepared in accordance with current statutory requirements and the Forum's governing documents.

Most of the RAZ's income is obtained from the Department for Education and Skills (DfES) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received during 2004-2005 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During 2004-2005 the RAZ also received other restricted grants from the DfES and other Government Departments, the details of which are in notes 3 and 4. These grants have been given to the RAZ to assist it to achieve its Action Plan and have been fully expended.

During 2004-2005 the RAZ did not receive any donations from commercial sponsors.

Expenditure for the period was covered by grants from the DfES and other income and the excess of resources expended over incoming resources for the period was £204,000.

At 9 January 2005 the net book value of fixed assets was £0 and movements in fixed assets are shown in note 13 to the financial statements. The assets, prior to being transferred to schools, were used exclusively for providing education and associated support services to the pupils of the RAZ.

Fund review

When the RAZ ceased to operate on 9 January 2005 its fund balances were nil. Fund balances existing prior to this date were utilised in fulfilment of the Zone's objectives. Immediately prior to cessation £36,089 was transferred to the East Riding of Yorkshire Council, which has been nominated as successor body committed to overseeing any outstanding matters. To achieve its Action Plan objectives the RAZ remained dependent on the provision of grants from both the DfES and commercial sponsors.

Connected organisations

The RAZ is working closely with its partnership schools to achieve the Forum's objectives.

Partnership Schools

Burstwick Primary School
Burton Pidsea Primary School
Easington Primary School
Hedon Nursery School
Keyingham Infant School
Keyingham Junior School
Patrington Primary School
Paull Primary School
Roos Primary School
Thorngumbald Infants School
Thorngumbald Junior School
Withernsea High School
Withernsea Infant School
Withernsea Junior School

Private Sponsorship

The Zone did not receive any private sponsorship in 2004-2005.

Financial services

The Forum has contracted with Sadofskys Chartered Accountants to provide accounting services and the East Riding of Yorkshire Council to provide payroll and personnel services.

Disabled persons

The policy of the Forum is to support the employment of disabled persons both in the recruitment and by retention of employees who become disabled whilst in the employment of the Forum, as well as generally through training and career development.

Research and development

All research and development has been undertaken in context of the objectives of the Zone.

Post balance sheet events

The Zone ceased all activities at the end of its statutory life on 9 January 2005. At this date it transformed into the East Riding Excellence Cluster. There were no redundancy costs or retirement benefit costs due to redundancy paid to staff during this period.

Reserves policy

The Forum cannot build up restricted reserves of DfES grant, as the Department requires that this grant should be applied in the year in which it is received. Where the Forum has earned unrestricted income (e.g. Bank interest), it is the Forum's policy to apply these reserves to its programme support costs (Project Resources).

Risk assessment and management

The Zone has put in place risk management procedures, which enable it to undertake a risk assessment process each year. The risks included cover its financial procedures, external risks, risk associated with its operational activity and those concerning its human resource responsibilities, and associated with the closure of the Zone. A risk management plan has been produced and approved by the Action Forum. The Project Director, who reports progress to the Executive Committee of the Action Forum, monitors the plan. There is an annual reassessment of risk by the Executive Committee. A transformation action plan was produced to reduce the risk of the Zone not covering all areas associated with closure. The Executive Committee was identified as the transformation committee to oversee closure issues.

Statement on Internal Control

a Maintenance of internal controls

As Trustees, we have a responsibility for maintaining a sound system of internal controls that support the achievement of the Forum's policies, aims and objectives whilst safeguarding the public funds and assets for which we are responsible, in accordance with the responsibilities assigned to us in our Financial Memorandum and Government Accounting.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of Forum policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

This process has been in place for the period ended 9 January 2005 and up to the date of approval of the annual report and accounts and accords with Treasury guidance.

As the Forum ceased on 9 January 2005 the system of internal control reflected the requirement to identify, evaluate and mitigate the principal risks associated with closure, including the following

- loss of key staff;
- receiving invoices from suppliers/schools, not accounted for, post Zone closure;
- all closure issues being addressed; and
- assets owned by the Zone not transferred to schools before closure.

This was overseen by the Executive Committee.

b Review of controls

As Trustees, we also have responsibility for reviewing the effectiveness of the system of internal control. In September 2004 the Forum reviewed its risk register, which includes the following processes

External

- Regular network checks by RAZ staff and Zone schools have been put in place to reduce the risk of infrastructure failure of ICT networks/ Wide Area Network (WAN). 10 of the 15 servers are fully covered for disaster recovery and an uninterrupted power supply is now in place. A back up is taken weekly. Reviewed in September 2004. A disaster recovery site has now been built at Keyingham Junior School. To sustain the ICT infrastructure put in place by the RAZ the management of the WAN has been passed to Withernsea High School to manage.

Financial

- A stock resource control book has been established for items above £50 to reduce the risk of fraud or theft of Zone assets, funds or stock. The inventory is checked annually to make sure it is being kept up to date. Also a register for RAZ equipment taken out of the office has been put in place, which is checked monthly. Reviewed July 2004. All items on the inventory have been allocated to Zone Schools;
- Public Liability insurance is checked annually to ensure that all potentially hazardous/extra curricular events are covered to reduce the likelihood of the Zone being sued. Reviewed September 2004. The Zone's Public Liability insurance was terminated on 10 January 2004 and a copy of the insurance certificate has been retained by the East Riding of Yorkshire Council (Nominated Successor Body);

- Letters were sent to suppliers and schools informing of the Zone's closure date and requesting details of any outstanding amounts owed to be sent to the Zone by 22 October 2004;
- Grant making bodies were all notified of the Zone's closure date;
- All assets owned by the Zone were transferred to Zone schools by 11 October 2004;
- Zone budgets were regularly reviewed six months prior to closure and controls were maintained over spend; and
- Bank statements were reconciled on a weekly basis one month prior to closure.

Activity

- To reduce the risk of inadequacy of information to inform policy or action information is communicated through normal committee structures. The Staffing, Appointments and Evaluation Committee undertake an evaluation of interim reports from the Project Director. Reviewed June 2004.

Human resources

- To reduce the risk of poor retention and availability of future Zone staff an annual review of salaries is undertaken by the Staffing, Appointments and Evaluation Committee. A salary retention was inbuilt into employee salaries each year, after two years of service, to retain key staff until the closure of the Zone. The last review was undertaken in July 2004;
- Termly health and safety checks have been put in place. These are carried out by the Administration and Finance Manager and the Head Teacher of Keyingham Junior School. Reviewed September 2004; and
- To reduce the risk of being sued with regard to redundancy and early retirement an annual review of liabilities via the pension fund and the East Riding of Yorkshire Council was undertaken. The Zone's pension liabilities were transferred to the East Riding of Yorkshire Pension Fund at the end of the Zone.

Statement of Trustees' responsibilities for the Financial Statements

Under the School Standards and Framework Act 1998, Trustees are required to prepare financial statements for each financial period in the form and on the basis determined by the Secretary of State with the approval of the Treasury. In preparing these financial statements, the Trustees have

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards; and
- prepared the financial statements on the basis that the Forum's activities were ceasing.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Forum and enable them to ensure that the financial statements comply with the Accounts Direction given by the Secretary of State. They are also responsible for safeguarding the assets of the Forum and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees have a responsibility to ensure that the Forum's accounting records and system of internal financial control for the relevant financial period comply with the obligations placed on the Forum by the Secretary of State for Education and Skills.

Auditors

The auditor, the Comptroller and Auditor General, is appointed under the terms of the 1998 School Standards and Framework Act.

Approval

The report of the Trustees was approved on 10 January 2005 and signed on its behalf by

Larry Malkin
Chair

10 January 2005

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements on pages 15 to 29 under the School Standards and Framework Act 1998. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 19 to 21.

Respective Responsibilities of the Trustees and Auditor

As described on page 12 the Trustees are responsible for the preparation of the financial statements and for ensuring the regularity of financial transactions. The Trustees are also responsible for the preparation of the Trustees' Annual Report. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the School Standards and Framework Act 1998 and directions made thereunder by the Secretary of State for Education and Skills, whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and whether the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Trustees' Annual Report is not consistent with the financial statements, if the Forum has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I review whether the statement on pages 10 and 11 reflects the Forum's compliance with HM Treasury's guidance 'Corporate governance: statement on the system of internal control'. I report if it does not meet the requirements specified by the Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the Trustees' Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Zone's corporate governance procedures or its risk and control procedures.

Basis of Audit Opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Zone's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

Following the passing of the Withernsea and Southern Holderness Rural Achievement Zone (Dissolution) Order 2005, the Zone ceased to exist with effect from 9 January 2005. Accordingly as explained in the Trustees' Report and note 1 to the accounts, the financial statements have been prepared on the basis that the Zone is no longer a going concern. My opinion is not qualified in this respect.

Opinion

In my opinion

- the financial statements give a true and fair view of the state of affairs of the Withernsea and Southern Holderness Rural Achievement Zone at 9 January 2005 and of its incoming resources, application of resources and cash flows for the period then ended and have been properly prepared in accordance with the School Standards and Framework Act 1998 and directions made thereunder by the Secretary of State for Education and Skills; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

John Bourn
Comptroller and Auditor General

28 January 2005

National Audit Office
157-197 Buckingham Palace Road
Victoria
London SW1W 9SP

Statement of Financial Activities for the period ended 9 January 2005

	Notes	Unrestricted funds £000	Restricted funds DfES £000	Other £000	Fixed assets £000	Total 2004-2005 £000	Total 2003-2004 £000
Incoming resources							
DfES grants receivable	2,3	0	451	46	0	497	901
Other government grants receivable	4	0	0	1	0	1	48
Private sector contributions	5	0	0	0	0	0	0
Public sector contributions	5	2	0	47	0	49	192
Other income	6	5	0	0	0	5	17
Total incoming resources		7	451	94	0	552	1,158
Resources expended							
Costs of generating funds		0	0	0	0	0	0
Net incoming resources for charitable application		7	451	94	0	552	1,158
Charitable expenditure							
<i>Costs in furtherance of charitable objectives</i>							
Education support costs	7	0	249	88	40	377	697
Grants payable	7	20	131	51	0	202	299
Management and administration	7	3	170	0	0	173	198
Total charitable expenditure		23	550	139	40	752	1,194
Costs of termination of operations	9	0	4	0	0	4	0
Total resources expended		23	554	139	40	756	1,194
Net incoming/(outgoing) resources before transfers		(16)	(103)	(45)	(40)	(204)	(36)
Transfers between funds		0	62	(62)	0	0	0
Net movement in funds		(16)	(41)	(107)	(40)	(204)	(36)
Fund balances brought forward at 1 April 2004		16	41	107	40	204	240
Fund balances carried forward at 9 January 2005	18,19	0	0	0	0	0	204

The Statement of Financial Activities analyses all the capital and income resources and expenditures of the EAZ during the period and reconciles the movement in funds. There is no difference in the net movement of funds stated above and its historical equivalent.

All items dealt with in arriving at the net movement in funds for 2004-2005 relate to discontinued operations.

Further analysis of the income and expenditure for the period is shown on page 16 and the overall financial position at the period end is summarised in the balance sheet on page 17.

The notes on pages 19 to 29 form part of these accounts.

Income and Expenditure Account for the period ended 9 January 2005

	Notes	2004-2005 £000	2003-2004 £000
Income			
DfES EAZ recurrent grant	2	451	759
DfES EAZ fixed asset grant	2	0	59
Other DfES grants	3	46	83
Other government grants	4	1	48
Private sector contributions	5	0	0
Public sector contributions	5	49	192
Other income	6	5	17
Total income		552	1,158
Charitable expenditure			
DfES EAZ grant expenditure	7	550	746
Other DfES grant expenditure	7	58	75
Other government grant expenditure	7	6	62
Depreciation	7	0	19
Transfer of assets	7	40	91
Other expenditure	7	98	201
Total charitable expenditure		752	1,194
Costs of generating funds	7	0	0
Costs of terminating operations	9	4	0
Total resources expended		756	1,194
Excess/(deficit) of income over expenditure		(204)	(36)
Net transfers to/from funds			
DfES EAZ fund	18	(41)	13
Other restricted funds	18	(147)	(37)
Unrestricted funds	19	(16)	(12)
Net movement in funds		(204)	(36)

The Income and Expenditure account is derived from the Statement of Financial Activities on page 15 which, together with the notes to the accounts on pages 19 to 29, provide full information on the movements during the period on all the funds of the Forum.

All items dealt with in arriving at the excess of income over expenditure for 2004-2005 relate to discontinued operations.

The Forum has no recognised gains and losses other than those included in the above results and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 19 to 29 form part of these accounts.

Balance Sheet as at 9 January 2005

	Notes	9 January 2005 £000	31 March 2004 £000
Fixed assets			
Tangible assets	13	<u>0</u>	<u>40</u>
		0	40
Current assets			
Debtors	15	<u>0</u>	<u>83</u>
Cash at bank and in hand		<u>0</u>	<u>269</u>
		0	352
Creditors: amounts falling due within one period	16	<u>0</u>	<u>188</u>
Net current assets		0	164
Net assets		<u>0</u>	<u>204</u>
Funds			
Restricted funds	18	<u>0</u>	<u>188</u>
Unrestricted funds	19	<u>0</u>	<u>16</u>
		0	204

The financial statements were approved by the Forum on 10 January 2005 and signed on its behalf by

Larry Malkin
Chair

Cash Flow Statement for the period ended 9 January 2005

	Note	2004-2005 £000	2003-2004 £000
Operating activities			
<i>Receipts</i>			
Recurrent EAZ grant received from DfES		497	842
Capital grant from DfES		0	59
Other government grants		1	48
Private sector sponsorship		0	0
Public sector sponsorship		49	167
Other receipts		64	102
		611	1,218
<i>Payments</i>			
Staff costs		306	538
Other cash payments		578	469
Net cash inflow from operating activities	24	(273)	211
Returns on investments and servicing of finance			
Interest received		4	3
		4	3
Capital expenditure			
Purchase of tangible fixed assets		0	59
		0	59
Financing			
		0	0
Increase/(decrease) in cash in the period		(269)	155

Notes to the Financial Statements 9 January 2005

1 Accounting policies

Format of accounts

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom, in the Statement of Recommended Practice ('SORP 2000'), 'Accounting and Reporting by Charities' published in October 2000 and the Charities Act 1993. A summary of the principal accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared under the historic cost convention, with the exception of listed fixed asset investments, which are included at market value. The Forum was established under the School Standards and Framework Act initially for three years, subsequently extended by the Secretary of State for a further two years. The Forum came to the end of its statutory five year life on 9 January 2005. The Trustees therefore consider it inappropriate to prepare the financial statements on a going concern basis and have reflected this in drawing up the accounts.

Recognition of income

The annual RAZ grant from the DfES, which is intended to meet recurrent costs and, where specified, to purchase fixed assets, is credited direct to the income and expenditure account as restricted income. Sponsorship monies are credited direct to the income and expenditure account as unrestricted income, as the Forum has discretion in how to apply such contributions to meet its objectives.

Contributions in Kind

In accordance with the Accounts Direction provided by the DfES an income value is attributed to contributions in Kind from businesses. These contributions are brought into the accounts at a reasonable estimate of their value to the Forum. All gifts in Kind represent expenditure that the Forum would have had to incur; a notional expenditure charge is recorded equal to the value of the contribution in Kind to the Forum.

Grants receivable

Where other grants have been received, these are credited to the income and expenditure account as restricted income.

Interest receivable

Interest receivable is included in the financial statements on an accruals basis, and is stated inclusive of related tax credits.

Management and administration

Management and administration costs include expenditure on the administration of the charity and compliance with constitutional and statutory requirements, and an appropriate apportionment of indirect costs.

Allocation of cost between direct provision of education and other expenditure

In accordance with the charities SORP expenditure has been analysed between direct charitable and other expenditure. The only activity undertaken by the RAZ is the operation of Withernsea and Southern Holderness RAZ. Items of expenditure which involve more than one cost category have been apportioned on a reasonable, justifiable and consistent basis for the cost category concerned, these include

Cost category	Basis of apportionment
Staff costs	Time spent

Fixed assets

Fixed assets, which cost more than £2,500, acquired since the Forum was established are included in the accounts at cost.

Where fixed assets have been acquired with the aid of grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Such fixed assets are shown within a restricted fund, as the undepreciated balance on that fund is not available to the Forum to spend.

Depreciation

Depreciation is provided evenly on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The principal annual rates used for other assets are

Website Design	33% cost
Computer Equipment and Software	33% cost
Fixtures and Equipment	33% cost

Depreciation is charged for a full year in the year of acquisition. No depreciation is charged in the year of disposal.

Leased assets

Rentals payable under operating leases are charged to the income and expenditure account as incurred.

Resources expended

Items are included as direct charitable expenditure where, in the view of the Forum, the activities relate to staff costs incurred when in direct contact with pupils.

Funds structure

Funds have been designated for restricted and unrestricted purposes. Fund balances existing immediately prior to the Zone's closure were transferred to the East Riding of Yorkshire Council to meet outstanding liabilities and returned to the DfES as directed by the Secretary of State for Education and Skills.

Taxation

The Forum is an exempt charity and as such is exempt from Income and Corporation taxes under the provisions of the Income and Corporation Taxes Act 1988. The cost of Value Added Tax incurred by the Forum has been included in the Income and Expenditure Account.

Pensions

The full cost of the Forum's pension contributions on behalf of its employees is recognised in the year those contributions are made.

The pension contributions are paid into the Teachers' Pensions Scheme and the Local Government Pension Scheme.

The Local Government Pension Scheme is governed by the Superannuation Act 1972. The scheme rules are contained within the Local Government Pension Scheme Regulations 1997 and the Local Government Pension Scheme (transitional provision) Regulations 1997. The East Riding of Yorkshire Council administers the fund "The East Riding Pension Fund" for the benefit of its own employees and the employees of the scheme employers and admitted bodies, of which Withernsea and Southern Holderness Rural Achievement Zone is one. Contribution rates have been calculated using the projected unit actuarial method where the estimated cost of future benefits is expressed as a percentage of members' contributions. The last full actuarial valuation of the East Riding Pension Fund was carried out as at 31 March 2004.

Grants paid to schools

Grants paid to schools in order to purchase assets will specify whether the asset belongs to the school, and therefore falls outside of the requirement to be capitalised and disclosed in the Forum's Balance Sheet, or to the Zone.

2 DfES EAZ grant

	2004-2005	2003-2004
	£000	£000
DfES grant received in period	451	818
Carry over from previous period	41	28
<i>Less</i>		
Amount used to purchase fixed assets	0	(59)
Total grant available to spend	492	787
Spent in the period	492	746
Underspent grant/[funded from general fund]	0	41
The Trustees have not calculated a maximum permitted carry over level as the Zone is no longer a going concern	0	75
Excess grant to surrender	0	0

3 Other DfES grants

	2004-2005	2003-2004
	£000	£000
Excellence Challenge	42	46
New Partnerships	0	20
Gifted and Talented summer schools	4	9
CMF	0	0
Easter school	0	2
Teacher Threshold	0	6
	46	83

4 Other government grants

	2004-2005 £000	2003-2004 £000
New Opportunities Fund	<u>1</u>	<u>48</u>
	1	48

5 Business contributions

	Cash £000	In Kind £000	Total 2004-2005 £000	Total 2003-2004 £000
Private sector contributions				
Education Management Direct	0	0	0	0
Omniquad Ltd	0	0	0	0
British Telecommunications plc	0	0	0	0
Yorkshire Arts	0	0	0	0
Custodian Managed Services Ltd	<u>0</u>	<u>0</u>	0	<u>0</u>
	0	0	0	0
Public sector contributions				
Learning and Skills Council	43	0	43	82
East Riding of Yorkshire Council	6	0	6	102
The Next Step Education Action Zone	0	0	0	5
North Bank Forum	<u>0</u>	<u>0</u>	0	<u>3</u>
	49	0	49	192
	<u>49</u>	<u>0</u>	49	<u>192</u>

6 Other income

	2004-2005 £000	2003-2004 £000
Interest receivable	4	3
Sundry income	<u>1</u>	<u>14</u>
	5	17

7 Total resources expended

	Staff Depreciation		Other	Total	Total
	£000	£000	£000	2004-2005	2003-2004
				£000	£000
Direct provision of education	0	0	0	0	0
Education support costs	147	0	230	377	697
Grants payable*	0	0	202	202	299
Management and administration	145	0	28	173	198
Costs of generating funds	0	0	0	0	0
Costs of termination of operations	0	0	4	4	0
	<u>292</u>	<u>0</u>	<u>464</u>	<u>756</u>	<u>1,194</u>
Of which					
DfES grant expenditure	284	0	266	550	746
Other DfES grant expenditure	4	0	54	58	75
Other government grant expenditure	0	0	6	6	62
Depreciation	0	0	0	0	19
Transfer of assets	0	0	40	40	91
Other expenditure	4	0	94	98	201
Costs of generating funds	0	0	0	0	0
Costs of termination of operations	0	0	4	4	0
	<u>292</u>	<u>0</u>	<u>464</u>	<u>756</u>	<u>1,194</u>

* In 2004-2005 the Zone paid the following grants to schools

	Programmes		2004-2005	2003-2004
	Raising achievement	Developing employability	Total	Total
	£000	£000	£000	£000
Burstwick Primary	4	0	4	11
Burton Pidsea Primary	2	0	2	3
Easington	3	0	3	7
Hedon	1	0	1	5
Keyingham Infant	2	0	2	3
Keyingham Junior	4	0	4	7
Patrington Primary	6	0	6	8
Paull Primary	1	0	1	2
Roos Primary	2	0	2	5
Thorngumbald Infant	2	0	2	4
Thorngumbald Junior	3	0	3	6
Withernsea Infant	11	0	11	13
Withernsea Junior	9	0	9	13
Withernsea High	104	48	152	211
	<u>154</u>	<u>48</u>	<u>202</u>	<u>298</u>

8 General expenditure

Included in expenditure in the income and expenditure accounts and in other costs above are

	2004-2005 £000	2003-2004 £000
Educational supplies and services	375	283
Occupancy costs	6	8
Supplies and services	73	74
Operating lease rentals	0	86
Auditors' remuneration	6	6
Bad debts	0	11
	460	468

9 Costs of termination of operations

	2004-2005 £000	2003-2004 £000
Staff costs arising from Zone closure	0	0
Cost of post-Zone services provided by nominated successor body	4	0
Amounts transferred to nominated successor body to meet	0	0
Residual Zone liabilities	0	0
	4	0

10 Staff costs

The average number of persons (including senior post holders) employed by the EAZ during the period expressed as full time equivalents was

	2004-2005	2003-2004
Management	6	7
Administration	4	4
Teachers	2	2
Total employees	12	13

	2004-2005 £000	2003-2004 £000
Staff costs for the above persons		
Wages and salaries	226	447
Social security costs	18	42
Other pension costs (see note 17)	48	51
Costs associated with Zone closure	0	0
Total staff costs	292	540

There were no retention payments, redundancy costs or early retirement costs associated with Zone closure.

Three employees earned more than £50,000 during 2004-2005. The total emoluments of these employees were in the following range

	2004-2005	2003-2004
£50,001 - £60,000	3	0
£60,001 - £70,000	0	3
£70,001 - £80,000	0	0
£80,001 - £90,000	0	1

11 Emoluments of Trustees

The Trustees of the Forum did not receive any payment from the Forum other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

There were no travel and subsistence expenses reimbursed in the period to 9 January 2005.

Interests in Transactions

The Trustees do not consider there were any related party transactions in the period 2004-2005.

12 Trustees' and Officers' Insurance

In accordance with normal commercial practice the Forum has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Forum business. The insurance provides cover up to £1,000,000 on any one claim and the cost for 2004-2005 was £982 (2003-2004: £982).

The Forum also insures against public liability for its employees and for any losses of money or goods resulting from fraud or dishonesty by Forum employees. The insurance provides cover up to £5,000,000 with an employers' liability of £10,000,000. The insurance policy also provides cover up to £40,000 for theft or loss of equipment. The cost for 2004-2005 was £1,745 (2003-2004: £1,556).

13 Fixed assets

	Intangible Website design £000	Tangible fixtures and equipment £000	Total 2004-2005 £000	Total 2003-2004 £000
Cost acquired since incorporation				
At 1 April 2004	3	59	62	271
Capital expenditure	0	0	0	59
Disposals	0	(59)	(59)	(268)
At 9 January 2005	3	0	3	62
Depreciation				
At 1 April 2004	3	19	22	180
Charged in period	0	0	0	19
Disposals	0	(19)	(19)	(177)
At 9 January 2005	3	0	3	22
Net book value				
At 9 January 2005	0	0	0	40

The net book value at 9 January 2005 represents fixed assets used for

	Intangible Website design £000	Tangible fixtures and equipment £000	Total 2004-2005 £000	Total 2003-2004 £000
Charitable purposes				
Educational provision	0	0	0	40
Other purposes				
	0	0	0	40
			Total 2004-2005 £000	Total 2003-2004 £000
Source of funding for assets acquired				
DfES EAZ grant			0	36
Other DfES grants			0	0
Other government grants			0	0
Public sector capital sponsorship			0	4
			0	40
Net book value of fixed assets transferred to schools upon Zone closure			40	0

14 Stocks

The Zone held no stock at 9 January 2005.

15 Debtors

	9 January 2005 £000	31 March 2004 £000
Prepayments	0	20
Sundry debtors	0	63
	0	83

16 Creditors: amounts falling due within one year

	9 January 2005 £000	31 March 2004 £000
Taxation and social security	0	14
Sundry creditors	0	154
Accruals	0	20
	0	188

17 Pensions and similar obligations

	2004-2005	2003-2004
	£000	£000
Other pension costs comprise		
Defined benefit scheme - regular cost	48	51

The Zone's employees belong to the following pension schemes

Teachers' Superannuation Scheme for England and Wales

Nature of scheme	Defined benefit
Zone's contribution rate in 2004-2005	13.50%
Zone's contribution in 2004-2005	£4,391
Zone's contribution in future years	£0

Contributions are actuarially valued. The date of the last full actuarial valuation was for the period 1 April 1996 - 31 March 2001 at which date the scheme was 100% funded.

The Teachers' Superannuation Scheme is a multi-employer scheme. As such the Zone is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis.

East Riding Local Government Pension Scheme

Nature of scheme	Defined benefit
Zone's contribution rate in 2004-2005	12.30%
Zone's contribution in 2004-2005	£44,444
Zone's contribution in future years	£0

Contributions are actuarially valued. The date of the last full actuarial valuation was March 2001 at which date the scheme was 89% funded. The next evaluation will be as at 31 March 2004 but this has not yet been completed.

Any Liabilities arising from the presence of a pension fund capitalisation deficit, attributable to Zone staff, will be met by the local education authority and not treated as costs to the Zone.

18 Restricted funds

The incoming funds of the EAZ comprise the following balances of grants to be applied for specific purposes

	Balance at 1 April 2004 £000	Incoming resources £000	Expenditure gains, losses and transfers £000	Balance at 9 January 2005 £000	Total 31 March 2004 £000
DfES recurrent grant	41	451	(492)	0	41
DfES fixed asset grant	40	0	(40)	0	40
Other	107	94	(201)	0	107
	<u>188</u>	<u>545</u>	<u>(733)</u>	<u>0</u>	<u>188</u>

DfES EAZ recurrent grant must be used for the normal running costs of the EAZ including salaries and related costs, overheads, repairs and maintenance and insurance. The EAZ is allowed to carry forward up to 10% of the grant for programme expenditure and 2% of grant for administrative expenditure.

19 Unrestricted funds

	2004-2005 £000	2003-2004 £000
Brought forward at 1 April 2004	16	28
(Deficit)/excess of income over expenditure	(16)	(12)
Carried forward at 9 January 2005	0	16

20 Analysis of net assets between funds

Fund balances at 9 January 2005 are represented by

	Unrestricted funds £000	Restricted funds £000	Total 2004-2005 £000	Total 2003-2004 £000
Tangible fixed assets	0	0	0	40
Current assets	0	0	0	352
Current liabilities	0	0	0	(188)
	<u>0</u>	<u>0</u>	<u>0</u>	<u>204</u>

21 Capital commitments

There are no capital commitments (2004: Nil).

22 Lease commitments

	9 January 2005 £000	31 March 2004 £000
Operating leases		

The payments which the Forum is committed to make in the next period for operating leases

Within one period	0	50
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23 Contingent liabilities

In the event, during the period of the Funding Agreement, of the sale or disposal by other means of any asset for which a DfES grant was received, the Forum shall, if it does not re-invest the proceeds, repay to the Secretary of State for Education and Skills the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Forum serving notice, the Forum may repay to the Secretary of State sums determined by reference to

- the value at that time of the RAZ's assets held for the purpose of the Forum; and
- the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

As at 9 January 2005 there were no contingent liabilities (2004: Nil).

24 Reconciliation of net incoming activities to net cash inflow from operating activities

	9 January 2005 £000	31 March 2004 £000
Net incoming resources	(204)	(36)
Interest received	(4)	(3)
Depreciation	0	19
Transfer of assets	40	91
(Increase)/decrease in debtors	83	106
Increase/(decrease) in creditors	(188)	34
Net cash inflow from operating activities	(273)	211

Accounts Direction given by the Secretary of State for Education and Skills, with the approval of the Treasury, in accordance with the School Standards and Framework Act

- 1 The Education Action Zone shall prepare accounts for the financial year ended 31 March 2000 and subsequent financial years comprising
 - a a Trustees' Report;
 - b a statement of financial activity and an income and expenditure account;
 - c a balance sheet;
 - d a cash flow statement; and
 - e a statement of total recognised gains and losses,including such notes as may be necessary for the purposes referred to in the following paragraphs.
- 2 The accounts shall give a true and fair view of the income and expenditure and cash flows for the financial year, and the state of affairs as at the end of the financial year.
- 3 Subject to this requirement, the accounts shall be prepared in accordance with
 - a generally accepted accounting practice in the United Kingdom (UK GAAP), including the provisions of the Statement of Recommended Practice, Accounting by Charities. Forums shall not adopt Financial Reporting Standard, Small Entities;
 - b the disclosure and accounting requirements contained in 'The Fees and Charges Guide' (in particular those relating to the need for appropriate segmental information for services or forms of service provided) and in other guidance which the Treasury may issue from time to time in respect of accounts which are required to give a true and fair view;insofar as these are appropriate to Withernsea and Southern Holderness Education Action Zone and are in force for the financial year for which the statement of accounts is to be prepared.
- 4 The statement of financial activity, income and expenditure account and balance sheet shall be prepared under the historical cost convention. Assets and liabilities shall be included in the balance sheet at the following amounts
 - a fixed assets at cost (or valuation) less an appropriate provision for depreciation;
 - b fixed asset investments at market value;
 - c current assets (other than investments) at the lower of cost and net realisable value; and
 - d liabilities at their settlement value.
- 5 The value of contributions from business, both assets and services, should be brought into account at a reasonable estimate of their value to the Forum, i.e. they should be valued at what it would have cost the Forum to have purchased the required asset or service itself.
- 6 This direction shall be reproduced as an appendix to the accounts.

Signed by the authority of the Secretary of State for Education and Skills.

Barnaby Shaw
Head of Standards Division
Department for Education and Skills

26 February 2002

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